

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 175 - SB 252

March 7, 2011

SUMMARY OF BILL: Authorizes local education agencies (LEAs) to convert to an innovative school district through a contract submitted to and negotiated with the state Department of Education. Contracts will authorize LEAs to waive state laws, rules or regulations excluding certain regulatory or statutory requirements. Requires contracts to contain achievement goals and consequences for not meeting those goals. All LEAs that elect to convert to an innovative school district shall develop a 10-year strategic plan. A public hearing shall be held to discuss the conversion and strategic plan before any contract is submitted to the state. Requires the State Board of Education (SBOE) to approve contracts. The school board of the converting district will continue to be the board of the innovative district and elections will continue. All taxes, taxing authorities, and BEP local maintenance of effort (MOE) shall remain in place. However, these taxes and the BEP MOE are not frozen. The boundaries of any converting district shall be frozen from the time of the conversion. The Comptroller's Office of Research and Education Accountability (OREA) shall monitor converted districts and report to the state DOE if these districts are not meeting their yearly progress goals. In FY11-12 and FY12-13, only county school districts are eligible to convert. Prohibits more than five districts from converting during FY11-12 and FY12-13.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Not Significant/Permissive

Assumptions:

- All funding for any converting local education agency (LEA) will remain as before the conversion.
- No impact on the BEP formula.
- Any increase in local expenditures to develop a strategic plan, hold a public hearing, or other expenses associated with converting to an innovative school district will be permissive. These expenditures will be not significant.
- According to OREA, monitoring of contracts will be done by existing staff without additional resources.

- The SBOE will discuss and review innovative school district contracts within their regular meeting schedule. No additional meetings will be held.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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